GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3564
ANSWERED ON:12.12.2002
LOSSES TO SEBS
AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO

Will the Minister of POWER be pleased to state:

(a) whether the Electricity Boards in various States are running at loss;

(b) if so, the extent of losses sustained by the electricity boards in every State during last three years along with the reasons therefor; and

(c) the steps taken to rescue the State Electricity Boards?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b): State-wise estimated commercial losses with subsidy of the SEBs duringlast three years are given at Annexure I. The reasons for the losses are irrational tariff structure, inefficient operation, huge Transmission & Distribution (T&D) losses,excessive manpower and non-payment of subsidy by the State governments.

(c) : Government have drawn up strategy in consultation with State Governments for revival of financial health of SEBs and gradual elimination of these losses. Important steps taken are as follows:-

(i) Electricity Regulatory Commissions Act has been enacted to enable StateGovernments to constitute State Electricity Regulatory Commissions (SERCs) for rationalization of electricity tariff and for promotion ofefficiency, economy and competition. SERCs of 13 States have already issued tariff orders.

(ii) Conference of Chief Ministers/Power Ministers held in March, 2001recognized that the real problem of management and challenge of reforms lies in the distribution sector and resolved, inter alia, that:

(a) Energy audit at all 11KV feeders will be made effective within the next 6 months and accountability fixed at the local level.

(b) An effective Management Information System (MIS) for this purpose will be made operational.

(c) On the basis of the above, an effective programme to be launched for identifying and eliminating power thefts in the next 2 years.

(d) Full metering of all consumers.

(e) Current operations in distribution would need to reach break even in two years and positive returns thereafter

(f) Commercial viability has to be achieved in distribution through any or all of the following:

- Creating Profit Centres with full accountability
- Handing over of local distribution to Panchayats/Local Bodies/Franchisees/Users Associations, wherever necessary
- Privatisation of distribution
- Or any other means.

(iii) The Government of India has been signing Memoranda of Understanding(MOU)/ Memorandum of Agreement (MOA) with States reflecting the joint commitment of the Centre and the States to undertake reforms in a time bound manner. These require the States to set up SERCs, undertakeenergy audit through full metering, reduce transmission and distribution losses and attain commercial viability. In reciprocation to the efforts of the States to achieve agreed milestones, the Central Government hascommitted assistance including allocation of additional power from unallocated share from Central Generating Stations, funds under specific programmes/schemes etc. The MOUs are now being fleshed out intoMemoranda of Agreements (MOAs) with clearer and more specific milestones as the reform programme in the States is acquiring concrete shape. 25 States have been covered by this

exercise till now.

(iv) The Accelerated Power Development and Reform Programme (APDRP) is designed to finance specific projects in identified distribution circles for a quick turn around and creation of centres of excellence. This programme also includes an incentive scheme aiming at actual cash loss reduction by SEBs/Utilities.

ANNEXURE I

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE UNSTARRED QUESTION NO. 3564 TO BE ANSWERED IN LOK SABHA ON 12.12.2002.

COMMERCIAL PROFIT/LOSS OF SEBS (with subsidy)

(Rs. crore)

SEBs	1999-2000 Provi.	2000-2001 (RE)	2001-2002 (AP)
1. Andhra Pradesh (APSEB/APTRANSCO)	-53	-932	-1194
2. Assam	-214	-379	-370
3. Bihar	-511	-670	-753
4. Delhi (DVB)	-1103	-1055	-1092
5. Gujarat	-2501	-2604	-2135
6. Haryana	-835	-1548	-1537
7 Himachal Pradesh	-206	-92	-48
8. Jammu & Kashmir	-793	-990	-1141
9. Karnataka	76	76	86
10. Kerala	-181	-348	-445
11. Madhya Pradesh	-2718	-2800	-3183
12. Maharashtra	605	-1404	-3527
13. Meghalaya	-43	-34	-38
14. Orissa (OSEB/GRIDCO)	-187	-212	-230
15. Punjab	-1709	-1477	-1633
16 Rajasthan (Transco)	-133	615	-2412
17. Tamil Nadu	-1192	-1197	-2260
18 Uttar Pradesh (Power Corp.)	-2596	-1734	-1887
19. West Bengal	-793	-1009	-1036
Total	-15088	-17794	-24837

Source: Planning Commission document